IN THE HIGH COURT OF JUDICIATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX REFERENCE NO.951 OF 1998

The Commissioner of Income-tax,
Bombay City VIII, Bombay .. Applicant.
V/s.
M/s.Chhaganlal Kasturchand & Co... Respondent.

Mr.Parag Vyas with Mr.Ashok Kotangale & Mr.A.S. Rao for the applicant.

CORAM : V.C. DAGA &
J.P. DEVADHAR, JJ.

DATED : 18TH OCTOBER, 2005.

P.C. :

1. Heard the learned counsel for the applicant. The Tribunal has referred following question for the opinion of this Court reading as under :-

> Whether on the facts and in the circumstances of the case, the Tribunal was right in law in holding that only net interest paid by the firm to its partners, after adjusting interest received from them, should be disallowed u/s.40(b) of the I.T. Act, 1961 ?

2. The learned counsel for the applicant-revenue fairly submits that the above question has already been answered by the Supreme Court in the case of Keshavraoji & Co. V/s. CIT [(1990) 183 ITR 1 (SC)] in favour of the assessee and against the revenue. In this view of the matter, question stands answered in affirmative for the reasons stated in the case cited supra. Reference, accordingly stands disposed of with no order as to costs.

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